Trade and Agriculture
What's at Stake for Illinois?

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Illinois is an important producer and exporter of agricultural products. In fiscal year 2000, the State's cash farm receipts totaled $7 billion. Illinois ranked sixth among all 50 states in 2000 with agricultural exports estimated at $3 billion. These exports help boost farm prices and income, while supporting about 43,000 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Illinois' agricultural and statewide economy. The State's reliance on agricultural exports was 42 percent in 2000.

Illinois' top five agricultural exports in fiscal year 2000 were:

- soybeans and products -- $1.1 billion
- feed grains and products -- $946 million
- live animals and red meats -- $277 million
- wheat and products -- $124 million
- feeds and fodders -- $94 million

World demand for these products is increasing, but so is competition among suppliers. If Illinois farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access*. to growing global markets.

Illinois Benefits From Trade Agreements

Illinois is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Illinois include:

- Illinois is the nation's 2nd largest soybean producer, and the state benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching $32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped $160 million in 2000.

- Illinois, the nation's 2nd largest feed corn producer, benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at $486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.

#	Illinois benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at $1.3 billion in 1994 to 368,000 tons worth $1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at $227 million in 1994 to 143,000 tons worth $506 million in 2000.

Under the North American Free Trade Agreement, Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen beef. Its 20-percent tariff on beef offal will be eliminated by 2003. Mexico has been the fastest-growing market for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at $116 million to 179,000 tons valued at $531 million in 2000.